

Crestline Exempted Village School District
Crawford County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2013



Dave Yost • Auditor of State

Board of Education
Crestline Exempted Village School District
401 Heiser Street
Crestline, Ohio 44827

We have reviewed the *Independent Auditor's Report* of the Crestline Exempted Village School District, Crawford County, prepared by Rea & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Crestline Exempted Village School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 28, 2014

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Crestline Exempted Village School District
Crawford County, Ohio
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December 26, 2013

To the Board of Education
Crestline Exempted Village School District
Crawford County, Ohio
401 Heiser Street
Crestline, Ohio 44827

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestline Exempted Village School District, Crawford County, Ohio (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Crestline Exempted Village School District, Crawford County, Ohio, as of June 30, 2013, and the respective changes in modified cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Lima, Ohio

Crestline Exempted Village School District
Crawford County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The discussion and analysis of the Crestline Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- ❑ In total, net position decreased \$6,167,113, mostly due to capital outlay disbursements for ongoing construction projects.
- ❑ Outstanding debt decreased from \$14,284,151 to \$14,176,151 through principal payments made during the current fiscal year.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Crestline Exempted Village School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2013, the general fund, bond retirement fund and classroom facilities fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and investments and changes in cash and investments resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and investments. The *Statement of Activities* reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Crestline Exempted Village School District
Crawford County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The Statement of Net Position and the Statement of Activities answer this question.

These two statements report the School District's *net position* and *changes in the net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, bond retirement fund and the classroom facilities fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Proprietary Fund – The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Reporting the School District's Fiduciary Responsibilities

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs. The School District's fiduciary funds include private purpose trust scholarship funds and agency funds for student activities.

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to 2012.

(Table 1)
Net Position – Modified Cash Basis

| | Governmental Activities | |
|--|-------------------------|---------------|
| | 2013 | 2012 |
| Assets | | |
| Equity in Pooled Cash and Investments | \$ 8,002,215 | \$ 13,177,308 |
| Cash and Investments with Fiscal Agents | 1,271,870 | 807,499 |
| Cash and Cash Equivalents with Escrow Agents | 487,976 | 1,944,367 |
| <i>Total Assets</i> | 9,762,061 | 15,929,174 |
| Net Position | | |
| Restricted for: | | |
| Capital Outlay | 5,365,259 | 11,880,639 |
| Debt Service | 1,501,782 | 1,037,957 |
| Bus Purchase | 11,291 | 14,291 |
| Set Asides | 0 | 35,920 |
| Other Purposes | 509,139 | 319,596 |
| Unrestricted | 2,374,590 | 2,640,771 |
| <i>Total Net Position</i> | \$ 9,762,061 | \$ 15,929,174 |

Net position of the governmental activities decreased \$6,167,113, which represents a 39 percent decrease from fiscal year 2012.

A portion of the School District's net position, \$7,387,471 or 76 percent, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$2,374,590 may be used to meet the School District's ongoing obligations.

A significant decrease in cash of \$6,167,113 is due to the construction project which was in its final phases in fiscal year 2013.

Crestline Exempted Village School District
Crawford County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

(Table 2)
Changes in Net Position – Modified Cash Basis

| | Governmental Activities | |
|--|-------------------------|----------------------|
| | 2013 | 2012 |
| Receipts | | |
| Program Receipts | | |
| Charges for Services and Sales | \$ 388,976 | \$ 418,482 |
| Operating Grants, Contributions and Interest | 1,205,196 | 1,081,863 |
| Capital Grants, Contributions and Interest | 2,793,707 | 1,176,330 |
| <i>Total Program Receipts</i> | <u>4,387,879</u> | <u>2,676,675</u> |
| General Receipts | | |
| Property Taxes | 2,834,390 | 2,690,757 |
| Income Taxes | 179,976 | 145,288 |
| Grants and Entitlements not Restricted to Specific Programs | 4,563,583 | 4,555,853 |
| Proceeds from Sale of Capital Assets | 43,946 | 212 |
| Investment Earnings | 44,637 | 14,184 |
| Miscellaneous | 34,533 | 47,393 |
| <i>Total General Receipts</i> | <u>7,701,065</u> | <u>7,453,687</u> |
| <i>Total Receipts</i> | <u>12,088,944</u> | <u>10,130,362</u> |
| Program Disbursements | | |
| Instruction: | | |
| Regular | 3,204,730 | 3,322,168 |
| Special | 1,101,386 | 1,048,188 |
| Vocational | 2,863 | 0 |
| Student Intervention Services | 50,216 | 0 |
| Other | 508,119 | 455,674 |
| Support Services: | | |
| Pupils | 336,972 | 345,868 |
| Instructional Staff | 344,081 | 385,037 |
| Board of Education | 41,339 | 44,684 |
| Administration | 745,449 | 732,922 |
| Fiscal | 332,335 | 320,864 |
| Operation and Maintenance of Plant | 724,928 | 620,486 |
| Pupil Transportation | 286,972 | 277,797 |
| Central | 34,226 | 22,715 |
| Operation of Non-Instructional Services: | | |
| Food Service Operations | 326,503 | 280,039 |
| Community Services | 60,760 | 62,816 |
| Extracurricular Activities | 324,862 | 334,303 |
| Capital Outlay | 9,379,807 | 10,521,244 |
| Debt Service: | | |
| Principal Retirement | 108,000 | 104,000 |
| Interest and Fiscal Charges | 342,509 | 353,868 |
| <i>Total Program Disbursements</i> | <u>18,256,057</u> | <u>19,232,673</u> |
| <i>Change in Net Position</i> | (6,167,113) | (9,102,311) |
| <i>Net Position Beginning of Year</i> | <u>15,929,174</u> | <u>25,031,485</u> |
| <i>Net Position End of Year</i> | <u>\$ 9,762,061</u> | <u>\$ 15,929,174</u> |

**Crestline Exempted Village School District
Crawford County, Ohio**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013*

Capital grant receipts and capital outlay disbursements for fiscal year 2012 have been adjusted to include construction management fees paid by the State on behalf of the School District in order to provide a more accurate comparison with the current fiscal year.

Capital outlay decreased by \$1,141,437 over last year due to the K-12 construction project being in the wrap up phase at fiscal year end. Capital grants, contributions and interest increased by \$1,617,377 due to proceeds received from the Ohio School Facilities Commission in connection with the construction project.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)
Governmental Activities – Modified Cash Basis**

| | Total Costs of Services | | Net Costs of Services | |
|---|-------------------------|----------------------|-----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 |
| <i>Program Disbursements</i> | | | | |
| Instruction: | | | | |
| Regular | \$ 3,204,730 | \$ 3,322,168 | \$ 2,781,665 | \$ 2,834,150 |
| Special | 1,101,386 | 1,048,188 | 588,793 | 620,336 |
| Vocational | 2,863 | 0 | 2,863 | 0 |
| Student Intervention Services | 50,216 | 0 | 43,017 | 0 |
| Other | 508,119 | 455,674 | 461,528 | 455,674 |
| Support Services: | | | | |
| Pupils | 336,972 | 345,868 | 318,353 | 341,594 |
| Instructional Staff | 344,081 | 385,037 | 215,485 | 249,302 |
| Board of Education | 41,339 | 44,684 | 41,339 | 44,684 |
| Administration | 745,449 | 732,922 | 739,685 | 732,922 |
| Fiscal | 332,335 | 320,864 | 332,335 | 320,864 |
| Operation and Maintenance of Plant | 724,928 | 620,486 | 706,119 | 620,486 |
| Pupil Transportation | 286,972 | 277,797 | 286,972 | 277,797 |
| Central | 34,226 | 22,715 | 34,226 | 22,715 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 326,503 | 280,039 | 16,108 | 2,984 |
| Community Services | 60,760 | 62,816 | 4,084 | 12,609 |
| Extracurricular Activities | 324,862 | 334,303 | 258,997 | 258,822 |
| Capital Outlay | 9,379,807 | 10,521,244 | 6,586,100 | 9,326,105 |
| Debt Service: | | | | |
| Principal Retirement | 108,000 | 104,000 | 108,000 | 104,000 |
| Interest and Fiscal Charges | 342,509 | 353,868 | 342,509 | 330,954 |
| Total | \$ 18,256,057 | \$ 19,232,673 | \$ 13,868,178 | \$ 16,555,998 |

Crestline Exempted Village School District
Crawford County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 24 percent of all governmental expenses. The community is the largest area of support for the School District students.

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$9,636,347, which is lower than the prior year balance of \$15,834,450.

The general fund had total cash receipts, excluding other financing sources, of \$7,127,951. The cash disbursements, excluding other financing uses, of the general fund totaled \$7,506,322. The general fund's fund balance decreased \$336,091 in 2013. The decrease in fund balance can be attributed to increased costs for administration and facilities operation and maintenance.

The bond retirement fund had total cash receipts of \$639,639. The cash disbursements of the bond retirement fund totaled \$175,814. The increase in fund balance is due to the timing of expenditures.

The classroom facilities fund had total cash receipts of \$2,791,042 and total cash disbursements of \$8,267,932, for a decrease in fund balance of \$5,476,890 in 2013. The decrease in fund balance is primarily due to the School District spending on construction projects.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2013, the School District amended its general fund budget several times. For the general fund, final budget basis receipts, excluding other financing sources, were \$6,848,444, representing an increase of \$117,953 from the original estimate of \$6,730,491. Actual receipts, excluding other financing sources, of \$7,095,495 were \$247,051 more than the final budget. Of this increase, most was attributable to increased intergovernmental receipts.

For fiscal year 2013, the general fund final budget basis disbursements, excluding other financing uses, were \$7,540,842, which is over the original budgeted disbursements of \$7,424,867. Actual disbursements, excluding other financing uses, of \$7,574,598 were \$33,756 more than the final budget. Actual disbursements were more than budgeted expectations.

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2013 and 2012.

Crestline Exempted Village School District
Crawford County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

(Table 4)
Outstanding Debt, at June 30

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2013 | 2012 |
| Ohio School Facilities Construction and Improvement Bonds, Series 2009 | \$ 9,913,151 | \$ 9,913,151 |
| Lease-Purchase Obligations | 4,263,000 | 4,371,000 |
| <i>Total</i> | \$ 14,176,151 | \$ 14,284,151 |

For further information regarding the School District's debt, refer to Note 6 of the basic financial statements.

Current Issues

Though the School District is fiscally stable for the current and successive year, many financial challenges lie ahead. It is critical that the School District's management team continues to closely monitor the expenditures of the School District and review options to increase the reduction of expenses in order to decrease operating deficits. In addition to reductions of expenditures, the School District will also need to consider options for increasing additional revenue in order to maintain fiscal stability. The School District management is currently evaluating further cuts in expenditures to provide a balance for a financially stable School District, while ensuring students are receiving the services they deserve and taxpayers that are willing to support.

The 2013-2014 school year will be the first year all grades will be educated in one new building. The Board of Education passed a 8.91 mill bond levy in May 2009 to support the School District's participation with the OSFC on a project for a K-12 facility that is 60% funded by the State of Ohio and 40% funded by local taxpayers. The total co-funded project is estimated at a cost of \$27,081,678. Additionally, in May 2009 the Board passed a 0.25% earned income tax to support Locally Funded Initiatives (LFI) within the building project in the amount of \$4,275,285, to increase the total project cost to an estimated \$31,356,963. Of the total project cost, an estimated \$16,202,807 will be funded by the State of Ohio and an estimated \$15,154,156 will be funded by local taxpayers.

The School District's management must continue to provide the resources necessary to meet student needs while diligently planning expenses and staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently. Additional revenues ideally are not to be treated as a windfall to expand programs but as an opportunity to extend the life of the five-year plan.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bradd Stevens, Treasurer, Crestline Exempted Village School District, 401 Heiser Court, Crestline, Ohio 44827.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Net Position - Modified Cash Basis
June 30, 2013

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$ 8,002,215 |
| Cash and Investments with Fiscal Agents | 1,271,870 |
| Cash and Cash Equivalents with Escrow Agents | 487,976 |
| <i>Total Assets</i> | 9,762,061 |
| Net Position | |
| Restricted for: | |
| Capital Outlay | 5,365,259 |
| Debt Service | 1,501,782 |
| Bus Purchase | 11,291 |
| Other Purposes | 509,139 |
| Unrestricted | 2,374,590 |
| <i>Total Net Position</i> | \$ 9,762,061 |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2013

| | Program Cash Receipts | | | | Net (Disbursements) |
|--|-----------------------|--------------------------------|--|--|--------------------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants, Contributions and Interest | Receipts and Changes in Net Position |
| Governmental Activities | | | | | |
| Instruction: | | | | | |
| Regular | \$ 3,204,730 | \$ 228,600 | \$ 194,465 | \$ 0 | \$ (2,781,665) |
| Special | 1,101,386 | 39,701 | 472,892 | 0 | (588,793) |
| Vocational | 2,863 | 0 | 0 | 0 | (2,863) |
| Student Intervention Services | 50,216 | 0 | 7,199 | 0 | (43,017) |
| Other | 508,119 | 0 | 46,591 | 0 | (461,528) |
| Support Services: | | | | | |
| Pupils | 336,972 | 3,248 | 15,371 | 0 | (318,353) |
| Instructional Staff | 344,081 | 6,300 | 122,296 | 0 | (215,485) |
| Board of Education | 41,339 | 0 | 0 | 0 | (41,339) |
| Administration | 745,449 | 0 | 5,764 | 0 | (739,685) |
| Fiscal | 332,335 | 0 | 0 | 0 | (332,335) |
| Operation and Maintenance of Plant | 724,928 | 0 | 18,809 | 0 | (706,119) |
| Pupil Transportation | 286,972 | 0 | 0 | 0 | (286,972) |
| Central | 34,226 | 0 | 0 | 0 | (34,226) |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 326,503 | 48,683 | 261,712 | 0 | (16,108) |
| Community Services | 60,760 | 4,927 | 51,749 | 0 | (4,084) |
| Extracurricular Activities | 324,862 | 57,517 | 8,348 | 0 | (258,997) |
| Capital Outlay | 9,379,807 | 0 | 0 | 2,793,707 | (6,586,100) |
| Debt Service: | | | | | |
| Principal Retirement | 108,000 | 0 | 0 | 0 | (108,000) |
| Interest and Fiscal Charges | 342,509 | 0 | 0 | 0 | (342,509) |
| Totals | \$ 18,256,057 | \$ 388,976 | \$ 1,205,196 | \$ 2,793,707 | (13,868,178) |

General Receipts

| | |
|---|---------------------|
| Property Taxes Levied for: | |
| General Purposes | 2,195,269 |
| Debt Service | 519,251 |
| Capital Outlay | 119,870 |
| Income Taxes Levied for: | |
| General Purposes | 179,976 |
| Grants and Entitlements not Restricted to Specific Programs | 4,563,583 |
| Proceeds from Sale of Capital Assets | 43,946 |
| Investment Earnings | 44,637 |
| Miscellaneous | 34,533 |
| Total General Receipts | 7,701,065 |
| Change in Net Position | (6,167,113) |
| <i>Net Position Beginning of Year</i> | <u>15,929,174</u> |
| <i>Net Position End of Year</i> | <u>\$ 9,762,061</u> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2013

| | <u>General Fund</u> | <u>Bond Retirement Fund</u> | <u>Classroom Facilities Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|----------------------------------|---------------------------------|---------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Investments | \$ 2,260,167 | \$ 355,626 | \$ 4,462,560 | \$ 923,862 | \$ 8,002,215 |
| Cash and Investments with Fiscal Agents | 0 | 1,146,156 | 0 | 0 | 1,146,156 |
| Cash and Cash Equivalents with Escrow Agents | 0 | 0 | 487,933 | 43 | 487,976 |
| <i>Total Assets</i> | <u>\$ 2,260,167</u> | <u>\$ 1,501,782</u> | <u>\$ 4,950,493</u> | <u>\$ 923,905</u> | <u>\$ 9,636,347</u> |
| Fund Balances | | | | | |
| Restricted | \$ 11,291 | \$ 1,501,782 | \$ 4,950,493 | \$ 921,575 | \$ 7,385,141 |
| Committed | 0 | 0 | 0 | 2,330 | 2,330 |
| Assigned | 687,831 | 0 | 0 | 0 | 687,831 |
| Unassigned | 1,561,045 | 0 | 0 | 0 | 1,561,045 |
| <i>Total Fund Balances</i> | <u>\$ 2,260,167</u> | <u>\$ 1,501,782</u> | <u>\$ 4,950,493</u> | <u>\$ 923,905</u> | <u>\$ 9,636,347</u> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities - Modified Cash Basis
June 30, 2013

| | |
|---|--------------|
| Total Governmental Fund Balances | \$ 9,636,347 |
|---|--------------|

*Amounts reported for governmental activities in the
statement of net position is different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position.

125,714

Net Position of Governmental Activities

\$ 9,762,061

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2013

| | General Fund | Bond Retirement Fund | Classroom Facilities Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------|---------------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property and Other Local Taxes | \$ 2,195,269 | \$ 519,251 | \$ 0 | \$ 119,870 | \$ 2,834,390 |
| Income Taxes | 179,976 | 0 | 0 | 0 | 179,976 |
| Intergovernmental | 4,422,258 | 87,008 | 2,784,720 | 1,225,553 | 8,519,539 |
| Investment Income | 10,102 | 33,380 | 6,322 | 1,018 | 50,822 |
| Tuition and Fees | 257,484 | 0 | 0 | 10,426 | 267,910 |
| Extracurricular Activities | 3,827 | 0 | 0 | 54,490 | 58,317 |
| Gifts and Donations | 18,910 | 0 | 0 | 16,348 | 35,258 |
| Charges for Services | 10,138 | 0 | 0 | 52,611 | 62,749 |
| Miscellaneous | 29,987 | 0 | 0 | 4,895 | 34,882 |
| <i>Total Receipts</i> | <u>7,127,951</u> | <u>639,639</u> | <u>2,791,042</u> | <u>1,485,211</u> | <u>12,043,843</u> |
| Disbursements | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 3,055,576 | 0 | 0 | 161,641 | 3,217,217 |
| Special | 690,160 | 0 | 0 | 415,775 | 1,105,935 |
| Vocational | 2,863 | 0 | 0 | 0 | 2,863 |
| Student Intervention Services | 0 | 0 | 0 | 50,216 | 50,216 |
| Other | 508,119 | 0 | 0 | 0 | 508,119 |
| Support Services: | | | | | |
| Pupils | 322,311 | 0 | 0 | 15,284 | 337,595 |
| Instructional Staff | 280,852 | 0 | 0 | 65,036 | 345,888 |
| Board of Education | 41,339 | 0 | 0 | 0 | 41,339 |
| Administration | 742,136 | 0 | 0 | 5,754 | 747,890 |
| Fiscal | 315,451 | 14,230 | 0 | 3,246 | 332,927 |
| Operation and Maintenance of Plant | 729,072 | 0 | 0 | 0 | 729,072 |
| Pupil Transportation | 289,339 | 0 | 0 | 0 | 289,339 |
| Central | 34,226 | 0 | 0 | 0 | 34,226 |
| Extracurricular Activities | 254,680 | 0 | 0 | 70,182 | 324,862 |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 0 | 0 | 0 | 326,503 | 326,503 |
| Community Services | 3,863 | 0 | 0 | 57,722 | 61,585 |
| Capital Outlay | 117,295 | 0 | 8,267,932 | 994,580 | 9,379,807 |
| Debt Service: | | | | | |
| Principal Retirement | 108,000 | 0 | 0 | 0 | 108,000 |
| Interest and Fiscal Charges | 11,040 | 161,584 | 0 | 169,885 | 342,509 |
| <i>Total Disbursements</i> | <u>7,506,322</u> | <u>175,814</u> | <u>8,267,932</u> | <u>2,335,824</u> | <u>18,285,892</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(378,371)</u> | <u>463,825</u> | <u>(5,476,890)</u> | <u>(850,613)</u> | <u>(6,242,049)</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Sale of Capital Assets | 43,946 | 0 | 0 | 0 | 43,946 |
| Transfers In | 2,590 | 0 | 0 | 4,256 | 6,846 |
| Transfers Out | (4,256) | 0 | 0 | (2,590) | (6,846) |
| <i>Total Other Financing Sources (Uses)</i> | <u>42,280</u> | <u>0</u> | <u>0</u> | <u>1,666</u> | <u>43,946</u> |
| <i>Net Change in Fund Balances</i> | <u>(336,091)</u> | <u>463,825</u> | <u>(5,476,890)</u> | <u>(848,947)</u> | <u>(6,198,103)</u> |
| <i>Fund Balances Beginning of Year</i> | <u>2,596,258</u> | <u>1,037,957</u> | <u>10,427,383</u> | <u>1,772,852</u> | <u>15,834,450</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 2,260,167</u> | <u>\$ 1,501,782</u> | <u>\$ 4,950,493</u> | <u>\$ 923,905</u> | <u>\$ 9,636,347</u> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio

*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2013*

| | |
|---|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (6,198,103) |
|---|----------------|

*Amounts reported for governmental activities in the
statement of activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. The net receipts (disbursements) of the internal service fund is reported with governmental activities.

30,990

Change in Net Position of Governmental Activities

\$ (6,167,113)

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Receipts, Disbursements and Changes
In Modified Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 2,082,342 | \$ 2,118,834 | \$ 2,195,269 | \$ 76,435 |
| Income Taxes | 170,718 | 173,710 | 179,976 | 6,266 |
| Intergovernmental | 4,194,770 | 4,268,284 | 4,422,258 | 153,974 |
| Investment Income | 9,582 | 9,750 | 10,102 | 352 |
| Tuition and Fees | 235,132 | 239,253 | 247,884 | 8,631 |
| Gifts and Donations | 16,383 | 16,671 | 17,272 | 601 |
| Charges for Services | 9,616 | 9,785 | 10,138 | 353 |
| Miscellaneous | 11,948 | 12,157 | 12,596 | 439 |
| <i>Total Receipts</i> | <u>6,730,491</u> | <u>6,848,444</u> | <u>7,095,495</u> | <u>247,051</u> |
| Disbursements | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,969,385 | 3,015,767 | 3,029,255 | (13,488) |
| Special | 680,124 | 690,747 | 693,841 | (3,094) |
| Vocational | 2,806 | 2,850 | 2,863 | (13) |
| Other | 498,074 | 505,854 | 508,119 | (2,265) |
| Support Services: | | | | |
| Pupils | 324,344 | 329,411 | 330,886 | (1,475) |
| Instructional Staff | 275,300 | 279,600 | 280,852 | (1,252) |
| Board of Education | 40,564 | 41,197 | 41,382 | (185) |
| Administration | 727,689 | 739,056 | 742,366 | (3,310) |
| Fiscal | 326,656 | 331,758 | 333,244 | (1,486) |
| Operation and Maintenance of Plant | 717,260 | 728,464 | 731,726 | (3,262) |
| Pupil Transportation | 300,343 | 305,035 | 306,401 | (1,366) |
| Central | 36,750 | 37,324 | 37,491 | (167) |
| Extracurricular Activities | 250,130 | 254,037 | 255,175 | (1,138) |
| Capital Outlay | 165,070 | 167,647 | 168,399 | (752) |
| Debt Service: | | | | |
| Principal Retirement | 105,865 | 107,518 | 108,000 | (482) |
| Interest and Fiscal Charges | 4,507 | 4,577 | 4,598 | (21) |
| <i>Total Disbursements</i> | <u>7,424,867</u> | <u>7,540,842</u> | <u>7,574,598</u> | <u>(33,756)</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(694,376)</u> | <u>(692,398)</u> | <u>(479,103)</u> | <u>213,295</u> |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 41,685 | 42,416 | 43,946 | 1,530 |
| Refund of Prior Year Expenditures | 16,496 | 16,785 | 17,391 | 606 |
| Transfers In | 2,457 | 2,500 | 2,590 | 90 |
| Transfers Out | (21,294) | (21,626) | (21,723) | (97) |
| <i>Total Other Financing Sources (Uses)</i> | <u>39,344</u> | <u>40,075</u> | <u>42,204</u> | <u>2,129</u> |
| <i>Net Change in Fund Balance</i> | (655,032) | (652,323) | (436,899) | 215,424 |
| <i>Fund Balance Beginning of Year</i> | 2,561,465 | 2,561,465 | 2,561,465 | 0 |
| Prior Year Encumbrances Appropriated | 12,983 | 12,983 | 12,983 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$ 1,919,416</u> | <u>\$ 1,922,125</u> | <u>\$ 2,137,549</u> | <u>\$ 215,424</u> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Fund Net Position- Modified Cash Basis
Proprietary Fund
June 30, 2013

| | Governmental Activities Internal Service Fund |
|---|--|
| Assets | |
| Cash and Investments with Fiscal Agents | \$ 125,714 |
| <i>Total Assets</i> | 125,714 |
| Net Position | |
| Unrestricted | 125,714 |
| <i>Total Net Position</i> | \$ 125,714 |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

| | Governmental Activities - Internal Service Fund |
|---|--|
| Operating Receipts | |
| Charges for Services | \$ 1,001,132 |
| Other Operating Receipts | 155,078 |
| | <hr/> |
| <i>Total Operating Receipts</i> | 1,156,210 |
| | <hr/> |
| Operating Disbursements | |
| Purchased Services | 68,185 |
| Claims | 1,058,190 |
| | <hr/> |
| <i>Total Operating Disbursements</i> | 1,126,375 |
| | <hr/> |
| <i>Operating Income (Loss)</i> | 29,835 |
| | <hr/> |
| Non-Operating Receipts (Disbursements) | |
| Interest | 1,155 |
| | <hr/> |
| <i>Change in Net Position</i> | 30,990 |
| | <hr/> |
| <i>Net Position Beginning of Year</i> | 94,724 |
| | <hr/> |
| <i>Net Position End of Year</i> | \$ 125,714 |
| | <hr/> <hr/> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
June 30, 2013

| | Private Purpose Trust | |
|---------------------------------------|--------------------------|------------------|
| | Scholarship | Agency |
| Assets | | |
| Equity in Pooled Cash and Investments | \$ 660 | \$ 12,975 |
| <i>Total Assets</i> | <u>\$ 660</u> | <u>\$ 12,975</u> |
| Net Position | | |
| Held in Trust for Scholarships | \$ 660 | \$ 0 |
| Held for Student Activities | 0 | 12,975 |
| <i>Total Net Position</i> | <u>\$ 660</u> | <u>\$ 12,975</u> |

See accompanying notes to the basic financial statements.

Crestline Exempted Village School District
Crawford County, Ohio
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2013

| | Scholarship |
|---------------------------------------|-------------|
| Additions | \$ 0 |
| Deductions | 0 |
| <i>Change in Net Position</i> | 0 |
| <i>Net Position Beginning of Year</i> | 660 |
| <i>Net Position End of Year</i> | \$ 660 |

See accompanying notes to the basic financial statements.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Crestline Exempted Village School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected, five-member Board and lies entirely within Crawford and Richland Counties. The School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Crestline Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations’ resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, Crestline Exempted Village School District has no component units.

The following activities are included within the reporting entity:

Parochial Schools – Within the School District’s boundaries are parochial schools that are operated through the Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The fiduciary responsibility of the School District for these monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with one jointly governed organization, an insurance pool, and a related entity. These organizations include the Heartland Council of Governments/North Central Ohio Computer Cooperative, the Ohio Mid-Eastern Regional Educational Services Agency, and the Crestline Public Library. Information about these organizations is presented in Notes 14, 15 and 16 of the basic financial statements.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting.

Following are the more significant of the School District’s accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and entity-wide statements versus budgetary disbursements are due to encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

B. Basis of Presentation - Fund Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid “doubling up” receipts and disbursements.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the School District’s governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, fees charged for goods or services and other non-exchange receipts.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

FUND FINANCIAL STATEMENTS

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental financial statement is on major funds. Each major fund is presented in a single column. Fiduciary funds are reported by type.

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – The Bond Retirement Fund is used to account for property tax revenues to pay principal and interest of the School District's bonds.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for monies received and disbursed for contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources in which the School District is bound to observe constraints imposed upon the use of the resources.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Proprietary Fund Types

Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The School District has no enterprise funds. Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the School District accounts for a self-insurance program which provides medical, prescription and dental benefits to employees.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include private purpose trust funds and agency funds. The School District's private purpose trust funds account for assets held by the School District for the D.A.R.E. program that are not available to fund the School District's programs. Agency funds are custodial in nature (assets equal net position) and do not involve measurement of results of operations. The School District's agency funds account for various student activities.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for rate determination.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected receipts of each fund. Prior to July 1, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipts are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources during the fiscal year.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the fund level must be approved by the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the original and final appropriation amounts passed by the Board during the year.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as an assigned or restricted fund balance for subsequent-year disbursements of governmental funds.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or used to purchase investments. Individual fund integrity is maintained through School District accounting records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments." During fiscal year 2013, investments were limited to certificates of deposit and a repurchase agreement.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2013 were \$10,102, which includes \$7,926 assigned from other School District funds.

An analysis of the School District's investments is provided in Note 3 of the basic financial statements.

E. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying modified cash basis financial statements. Depreciation is not recorded on these capital assets.

F. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the School District.

Crestline Exempted Village School District
Crawford County, Ohio

Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

G. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability on the modified cash basis financial statements. The debt proceeds are reported when cash is received and payment of principal and interest are reported as disbursements when paid.

H. Intergovernmental Receipts

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

I. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets, but as disbursements in the accompanying modified cash basis financial statements.

J. Interfund Receivables/Payables

During the course of normal operations, the School District has transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.

These transactions are not recorded as liabilities or assets, but are reported as other financing sources/uses in governmental funds in the accompanying financial statements.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

Crestline Exempted Village School District
Crawford County, Ohio

Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

L. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2013, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that do not meet the definition of “restricted.”

The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

- a. Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Crestline Exempted Village School District
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Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As mentioned earlier, the School District first applies restricted resources when, an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

M. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

N. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

NOTE 3 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAROhio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Deposits With Financial Institutions – At fiscal year-end, the carrying amount of the School District's deposits was \$6,565,800 and the bank balance was 6,727,688. Of the bank balance, \$602,408 was covered by federal depository insurance and \$6,125,280 was uninsured and collateralized by a 105% public depository pool, which was collateralized with securities held by the financial institution's trust department but not in the School District's name. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Cash on Hand – As of June 30, 2013, the School District had \$50 in undeposited cash on hand which is included in the fund balance and is reported on the financial statements as part of "Equity in Pooled Cash and Investments."

Cash and Investments with Fiscal Agents – As of June 30, 2013, the School District has a \$125,714 cash balance with Ohio Mid-Eastern Regional Education Service Agency, which accounts for the OME-RESA Self Insurance fund of employees. The School District is also setting aside monies in a Sinking Fund investment account with U S Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 6. The balance as of June 30, 2013, is \$1,146,156 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents".

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Cash and Cash Equivalents with Escrow Agents – At fiscal year-end, \$43 was on deposit in escrow accounts with U S Bank related to the lease purchase obligations of the School District (see Note 7). The amount on deposit with the escrow agent has been excluded from the investments reported below as it is not part of the School District’s internal investment pool. The School District also has public fund money market investment accounts with Citizens Bank for retainage monies related to various construction projects and totaling \$487,933. The June 30, 2013, balances of these escrow accounts are reported on the financial statements as “Cash and Cash Equivalents with Escrow Agents”.

Investments

Investments are reported at cost. As of June 30, 2013, the School District had the following pooled investments:

| | Cost as of | % of Total Investment | Maturity | |
|----------------------|--------------|--------------------------|--------------|-----------|
| | 06/30/13 | | < 1 Year | > 5 Years |
| Repurchase Agreement | \$ 1,450,000 | 100.00% | \$ 1,450,000 | \$ 0 |

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy limits investment portfolio maturities to five years or less as a means of limiting its exposure to losses arising from rising interest rates and in accordance with State law. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment in repurchase agreements is collateralized by underlying securities pledged by the investments counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2 percent. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District’s investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated AAA by Moody’s Investor Services.

Concentration of Credit Risk

The School District places no limit on the amount that may be invested in any one issuer; however State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. 100% of the School District’s investments are in a repurchase agreement.

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 4 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Crawford and Richland Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2013 taxes were collected are:

| | <u>2012 Second-Half Collections</u> | | <u>2013 First-Half Collections</u> | |
|--|---|----------------|--|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential | \$ 53,206,430 | 76.3% | \$ 52,747,500 | 75.7% |
| Industrial/Commercial | 12,299,030 | 17.7% | 11,163,000 | 17.4% |
| Public Utility | 4,215,900 | 6.0% | 310,860 | 0.5% |
| Total Assessed Value | <u>\$ 69,721,360</u> | <u>100.0%</u> | <u>\$ 64,221,360</u> | <u>93.6%</u> |
| Tax Rate per \$1,000 of Assessed Valuation | \$72.80 | | \$75.65 | |

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 5 – INCOME TAX

On May 5, 2009, the School District’s voters approved a 0.25 percent earned income tax on individuals residing within the School District. The tax became effective on January 1, 2010, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. The School District income tax is credited to the general fund and is used for current operating expenses.

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligations of the School District at June 30, 2013 consisted of the following:

| | Interest Rate | Principal Outstanding 6/30/12 | Additions | Reductions | Principal Outstanding 6/30/13 | Due Within One Year |
|---|------------------|-------------------------------------|-------------|-------------------|-------------------------------------|------------------------|
| Ohio School Facilities Construction and Improvement Bonds, Series 2009 | 1.63% | \$ 9,913,151 | \$ 0 | \$ 0 | \$ 9,913,151 | \$ 0 |
| Lease Purchase Obligations - \$4,337,000 | | 4,371,000 | 0 | 108,000 | 4,263,000 | 133,000 |
| | | <u>\$ 14,284,151</u> | <u>\$ 0</u> | <u>\$ 108,000</u> | <u>\$ 14,176,151</u> | <u>\$ 133,000</u> |

Ohio School Facilities Construction and Improvement Bonds – On November 24, 2009, the School District issued school facilities construction and improvement bonds, series 2009 (taxable tax credit-qualified school construction bonds) in order to fund the local share required under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission (OSFC). These bonds are general obligations of the School District, for which its full faith and credit is pledged for repayment.

Principal and interest payments are made from the bond retirement fund. The source of payment is an 8.9 mill property tax levy passed in May, 2009. The bonds mature September 15, 2026. Interest payments on the bonds are due on June 1 and December 1 of each year and totaled \$161,584 for the fiscal year 2013. The entire principal amount is due at the final maturity date. The School District is setting aside monies toward this future payment in a sinking fund, described in Note 3 as “Cash and Investments with Fiscal Agents.” A required sinking fund payment of \$400,000 was paid in fiscal year 2013. Future sinking fund requirements are as follows:

| Fiscal Year Ending June 30, | Amount |
|--------------------------------|------------|
| 2014 | \$ 430,000 |
| 2015 | 435,000 |
| 2016 | 470,000 |
| 2017 | 505,000 |
| 2018 | 515,000 |
| 2019-2023 | 2,820,000 |
| 2024-2027 | 2,224,982 |

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

Lease-purchase obligations – The lease-purchase obligations will be paid from the general fund and the permanent improvement fund (a non-major governmental fund). See Note 7 for more details.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2013, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|--------------|--------------|---------------|
| 2014 | \$ 0 | \$ 161,584 | \$ 161,584 |
| 2015 | 0 | 161,584 | 161,584 |
| 2016 | 0 | 161,584 | 161,584 |
| 2017 | 0 | 161,584 | 161,584 |
| 2018 | 0 | 161,584 | 161,584 |
| 2019-2023 | 0 | 807,920 | 807,920 |
| 2024-2027 | 9,913,151 | 531,432 | 10,444,583 |
| Total | \$ 9,913,151 | \$ 2,147,272 | \$ 12,060,423 |

NOTE 7 – LEASE-PURCHASE AGREEMENTS

A. On August 13, 2009, the School District entered into a \$4,337,000 lease-purchase agreement with the Columbus Regional Airport Authority to finance a portion of the School District's school facilities construction project. The lease agreement required the School District to establish an escrow account with US Bank, as disclosed in Note 3. The School District draws down funds from the account as construction bills come due. Capital assets acquired by the lease have not been capitalized in the cash basis financial statements. Fiscal year 2013 principal and interest payments of \$108,000 and \$169,885, respectively, were paid from the general and permanent improvement funds.

Following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2013:

| | |
|-------------------------------------|--------------|
| <u>Fiscal Year Ending June 30,</u> | |
| 2014 | \$ 284,349 |
| 2015 | 283,411 |
| 2016 | 283,298 |
| 2017 | 283,967 |
| 2018 | 283,373 |
| 2019-2023 | 1,413,015 |
| 2024-2028 | 1,406,732 |
| 2029-2033 | 1,400,193 |
| 2034-2035 | 557,407 |
| Total minimum lease payments | 6,195,745 |
| Less: amounts representing interest | (2,247,745) |
| Total | \$ 3,948,000 |

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

B. On March 31, 2010, the School District entered into a \$315,000 lease-purchase agreement with the Columbus Regional Airport authority to pay for the issuance costs and fees related to the School District's bond issue (see Note 6 for details). The agreement required the School District to establish an escrow account with US Bank, as disclosed in Note 3. The School District draws down funds from these accounts as needed in order to cover expenses incurred.

Principal payments are deferred until fiscal year 2014. Fiscal year 2013 interest payments of \$11,040 were made from the general fund.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2013:

| <u>Fiscal Year Ending June 30,</u> | |
|-------------------------------------|--------------------------|
| 2014 | \$ 31,025 |
| 2015 | 30,325 |
| 2016 | 29,638 |
| 2017 | 28,913 |
| 2018 | 28,225 |
| 2019-2023 | 153,876 |
| 2024-2026 | 96,301 |
| Total minimum lease payments | <u>398,303</u> |
| Less: amounts representing interest | (83,303) |
| Total | <u><u>\$ 315,000</u></u> |

NOTE 8 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2013, the School District retained property insurance coverage, boiler and machinery coverage, and inland marine floaters in the blanket amount of \$30,763,524 with 100% coinsurance, replacement cost endorsement and a \$1,000 deductible for property damage. Vehicles are also covered and hold a \$250 deductible for comprehensive and a \$500 deductible for collision, busses are a \$1000 deductible for both. Automobile liability has a \$5,000,000 limit of liability for bodily injury per person, per occurrence, and property damage.

Hylant Administrative Services, LLC, provides general liability coverage with a \$5,000,000 single occurrence limit and a \$7,000,000 aggregate limit. The general liability insurance does not carry a deductible.

There has been no significant reduction in insurance coverage from last fiscal year, nor have there been any claims in excess of coverage limits in any of the past three years.

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

B. Workers' Compensation

The School District uses the firm of Sheakley. to provide administrative support for claims processing, and to assist the School District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The School District purchases its workers compensation coverage from the Ohio Bureau of Workers Compensation.

C. Employee Dishonesty Bonds

The School District carries employee dishonesty bonds for the Superintendent, Assistant Treasurer, and all Board Members, in the amount of \$20,000. Also, an employee blanket dishonesty bond in the amount of \$25,000 is provided to cover all other employees of the School District.

D. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Metropolitan Education Council (MEC) in the amount of \$40,000. Administrative staff is insured as follows:

| | |
|-----------------------|----------|
| Superintendent | \$40,000 |
| Treasurer | 56,000 |
| High School Principal | 71,000 |
| Elementary Principal | 67,000 |

Life insurance is provided in full, regardless of contracted hours. All employees (except bus drivers driving one AM and PM route) must be contracted for at least 6 hours a day for 180 days to be eligible to receive medical, dental and life insurance benefits.

E. Employee Group Medical and Dental Insurance

The School District offers medical, prescription, and dental insurance to employees through a self-insurance program. The School District has established a self-insurance internal service fund to account for this activity. The School District is a member of the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) self-insurance plan, a claims servicing pool, consisting of over fifty members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The Jefferson County Educational Service Center is fiscal agent for the OME-RESA self-insurance plan.

**Crestline Exempted Village School District
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*Notes To The Basic Financial Statements
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NOTE 9 – PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$131,150, \$126,102 and \$117,839, respectively; 29 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Crestline Exempted Village School District
Crawford County, Ohio

Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$384,096, \$404,921 and \$417,075, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$13,953 made by the School District and \$9,967 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 10 – POST EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 (the latest information available) was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$26,911, \$21,999, and \$14,268, respectively; 29 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Crestline Exempted Village School District
Crawford County, Ohio

Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,437, \$7,447, and \$7,583, respectively; 29 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$29,546, \$31,148, and \$32,083, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 11 – BUDGETARY BASIS OF ACCOUNTING

The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Modified Cash Basis), presented for the general fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

Crestline Exempted Village School District
Crawford County, Ohio

Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

| | |
|-----------------------------|---------------------|
| | <u>General Fund</u> |
| Budget basis | \$ (436,899) |
| Funds budgeted elsewhere** | 1,453 |
| Adjustment for encumbrances | <u>99,355</u> |
| Modified cash basis | <u>\$ (336,091)</u> |

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a modified cash basis. This includes uniform school supplies, public school support funds and unclaimed monies.

NOTE 12 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| | <u>General Fund</u> | <u>Bond Retirement</u> | <u>Classroom Facilities</u> | <u>Other Governmental</u> | <u>Total Governmental</u> |
|--------------------------------|---------------------|------------------------|-----------------------------|---------------------------|---------------------------|
| Restricted for: | | | | | |
| Capital Improvements | \$ 0 | \$ 0 | \$ 4,950,493 | \$ 414,766 | \$ 5,365,259 |
| Debt Service | 0 | 1,501,782 | 0 | 0 | 1,501,782 |
| Classroom Maintenance | 0 | 0 | 0 | 229,380 | 229,380 |
| Food Service Operations | 0 | 0 | 0 | 91,876 | 91,876 |
| Bus Purchase | 11,291 | 0 | 0 | 0 | 11,291 |
| School Supplies | 0 | 0 | 0 | 86,874 | 86,874 |
| Improving Teacher & School | 0 | 0 | 0 | 4,315 | 4,315 |
| Student Activities | 0 | 0 | 0 | 19,958 | 19,958 |
| Educational Activities | 0 | 0 | 0 | 70,341 | 70,341 |
| Auxillary Services | 0 | 0 | 0 | 4,065 | 4,065 |
| Total Restricted | <u>11,291</u> | <u>1,501,782</u> | <u>4,950,493</u> | <u>921,575</u> | <u>7,385,141</u> |
| Committed to: | | | | | |
| Staff Activities | 0 | 0 | 0 | 2,330 | 2,330 |
| Total Committed | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,330</u> | <u>2,330</u> |
| Assigned for: | | | | | |
| Instruction | 4,386 | 0 | 0 | 0 | 4,386 |
| Support Services | 43,370 | 0 | 0 | 0 | 43,370 |
| Extracurricular Activities | 495 | 0 | 0 | 0 | 495 |
| Capital Improvements | 51,104 | 0 | 0 | 0 | 51,104 |
| Subsequent Year Appropriations | 588,476 | 0 | 0 | 0 | 588,476 |
| Total Assigned | <u>687,831</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>687,831</u> |
| Unassigned | <u>1,561,045</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,561,045</u> |
| Total Fund Balance | <u>\$ 2,260,167</u> | <u>\$ 1,501,782</u> | <u>\$ 4,950,493</u> | <u>\$ 923,905</u> | <u>\$ 9,636,347</u> |

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 13 – STATUTORY RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. During fiscal year 2013, the portion of certain workers' compensation refunds was spent on qualifying disbursements.

The following cash basis information identifies the changes in the fund balance reserves for capital improvements and workers compensation during fiscal year 2013.

| | Capital Maintenance Reserve | Bureau of Workers Compensation Reserve |
|---|-----------------------------------|---|
| Set Aside Restricted Balance June 30, 2012 | \$ 0 | \$ 35,920 |
| Current Year Set Aside Requirement | 117,411 | 0 |
| Current Year Qualifying Disbursements | 0 | (35,920) |
| Current Year Offsets | (155,137) | 0 |
| Total | \$ (37,726) | \$ 0 |
| Balance Carried Forward to Fiscal Year 2014 | \$ 0 | \$ 0 |
| Set Aside Restricted Balance June 30, 2013 | \$ 0 | \$ 0 |

Although the School District had current year offsets during the fiscal year that reduced the set aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

NOTE 14 – JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG") – The COG is a jointly governed organization among 16 school districts, one educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2013, the District paid \$115,236 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875- 0309.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 15 – INSURANCE PURCHASING POOL

Ohio Mid-Eastern Regional Educational Services Agency – The School District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing insurance. OME-RESA is governed by a board of directors consisting of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

NOTE 16 – RELATED ENTITY

Crestline Public Library (the “Library”)

The School District appoints the Governing Board of the Library; however, the School District cannot influence the Library’s operation, nor does the Library represent a potential financial benefit for or burden on the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the School District must place the levy on the ballot. The Library may not issue debt. The Library determines its own budget.

NOTE 17 – CONTRACTUAL COMMITMENTS

At June 30, 2013, the School District has the following contractual commitments:

| <u>Contractor</u> | <u>Contracted Amount</u> | <u>Amount Remaining</u> | <u>Description</u> |
|---------------------------------------|------------------------------|-----------------------------|--------------------------|
| Adena Corp. | \$ 11,095,000 | \$ 398,242 | General Trades |
| Standard Plumbing & Heating Co. | 3,447,000 | 325,347 | HVAC |
| Spring Electrical Contracting | 2,627,475 | 233,948 | Electric |
| Telamon Construction | 2,116,000 | 15,000 | Sitework |
| MKC & Associates, Inc. | 1,561,769 | 62,084 | Design Professional |
| Standard Plumbing & Heating Co. | 1,096,800 | 42,698 | Plumbing |
| Jackson & Sons Drilling & Pump, Inc. | 1,043,000 | 18,322 | Geothermal |
| Southeast Security Corp. | 969,060 | 17,517 | Technology |
| Reitschlin | 798,000 | 780,520 | Hard Scaping |
| Continental Office Equip | 565,744 | 211,154 | Furniture |
| Farnham Equipment Co. | 558,860 | 25,277 | Casework |
| Breckenridge Equipment & Design, Inc. | 291,846 | 9,686 | Kitchen Equipment |
| Central Fire Protection | 289,875 | 20,608 | Fire Protection |
| Total Environmental | 139,330 | 94,684 | Asbestos Abatement HS |
| Heery International, Inc. | 131,564 | 40,522 | Construction Management |
| Gandee | 103,025 | 12,385 | Asbestos Abatement Elem. |
| CTL Engineering | 99,000 | 218 | Testing Services |
| Moderalli | 83,082 | 83,082 | Demolition Elem. |
| Cuyahoga Fencing | 79,175 | 25,422 | Fencing |
| Complete Clearing | 40,425 | 40,425 | Demolition HS |
| School Specialty | 27,500 | 2,454 | Furniture |

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes To The Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 18 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

C. Significant Encumbrances

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u> | <u>Amount</u> |
|---------------------------|---------------------|
| General Fund | \$ 99,355 |
| Classroom Facilities Fund | 3,484,503 |
| Other Governmental | 495,489 |
| Total Governmental Funds | <u>\$ 4,079,347</u> |

NOTE 19 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03(B), requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2013, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code, Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

NOTE 20 – INTERFUND ACTIVITY

During fiscal year 2013, the School District transferred \$4,256 from the General Fund to the Permanent Improvement Fund to assist in the operations of that fund. Also during fiscal year 2013, the CARES Fund was closed and the School District transferred the \$2,590 residual balance of its monies to the General Fund.

December 26, 2013

To the Board of Education:
Crestline Exempted Village School District
Crawford County, Ohio
401 Heiser Street
Crestline, Ohio 44827

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crestline Exempted Village School District, Crawford County, Ohio (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 26, 2013 wherein we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and questioned costs we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 as described in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

Entity's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Lima, Ohio

December 26, 2013

The Board of Education
Crestline Exempted Village School District
Crawford County, Ohio
401 Heiser Court
Crestline, Ohio 44827

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Report on Compliance for Each Major Federal Program

We have audited Crestline Exempted Village School District's, Crawford County, Ohio (the "School District") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have directly and materially affect the School District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and questioned costs identifies the School District's major federal program.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our compliance opinion on the School District's major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as item 2013-003. This finding did not require us to modify our compliance opinion on the major federal program.

The School District's response to the noncompliance finding is identified is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirements will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Crestline Exempted Village School District
Report on Compliance with Requirements Applicable to Each Major
Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133
Page 3 of 3

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2013-003.

The School District's response to our internal control over compliance finding is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Lima, Ohio

Crestline Exempted Village School District
Crawford County, Ohio
Schedule of Expenditures of Federal Awards - Cash Basis
For the Fiscal Year Ended June 30, 2013

| Federal Grantor/ Pass Through Grantor/ Program Title | CFDA Number | Grant Number | Federal Receipts | Federal Disbursements |
|--|----------------|-----------------|---------------------|--------------------------|
| U. S. Department of Education | | | | |
| (Passed Through Ohio Department of Education): | | | | |
| <i>Title I:</i> | | | | |
| Title I | 84.010 | 2012 | \$ 55,577 | \$ 35,947 |
| Title I | 84.010 | 2013 | 242,002 | 226,016 |
| Title I - School Improvement | 84.010 | 2013 | 46,591 | 43,879 |
| <i>Total Title I</i> | | | 344,170 | 305,842 |
| <i>Special Education Cluster:</i> | | | | |
| Special Education_Grants to States | 84.027 | 2012 | 48,010 | 30,936 |
| Special Education_Grants to States | 84.027 | 2013 | 158,501 | 154,099 |
| Total Special Education_Grants to States | | | 206,511 | 185,035 |
| Special Education_Preschool Grants | 84.173 | 2013 | 4,397 | 4,397 |
| <i>Total Special Education Cluster</i> | | | 210,908 | 189,432 |
| Title VI-B Rural and Low Income | 84.358 | 2012 | 3,248 | 2,022 |
| Title VI-B Rural and Low Income | 84.358 | 2013 | 3,495 | 3,000 |
| Total Title VI-B Rural and Low Income | | | 6,743 | 5,022 |
| Title II-D - ARRA | 84.318 | 2012 | 0 | 26 |
| Title II-A Improving Teacher Quality | 84.367 | 2012 | 12,918 | 9,489 |
| Title II-A Improving Teacher Quality | 84.367 | 2013 | 42,790 | 41,682 |
| Total Title II-A | | | 55,708 | 51,171 |
| Education Jobs Grant | 84.410 | 2012 | 46,825 | 29,885 |
| Total U.S. Department of Education | | | 664,354 | 581,378 |
| U. S. Department of Agriculture | | | | |
| (Passed Through Ohio Department of Education): | | | | |
| <i>Child Nutrition Cluster:</i> | | | | |
| School Breakfast Program | 10.553 | 2013 | 56,354 | 56,354 |
| National School Lunch Program: Non-Cash Assistance | 10.555 | 2013 | 20,280 | 20,280 |
| National School Lunch Program: Cash Assistance | 10.555 | 2013 | 199,835 | 199,835 |
| <i>Total Child Nutrition Cluster</i> | | | 276,469 | 276,469 |
| Child and Adult Care Food Program | 10.558 | 2013 | 2,974 | 2,974 |
| Total U.S. Department of Agriculture | | | 279,443 | 279,443 |
| Total Federal Assistance | | | \$ 943,797 | \$ 860,821 |

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards – Cash Basis
For the Fiscal Year Ended June 30, 2013*

Note A – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Crestline Exempted Village School District (the “School District”) and is presented on the cash basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Note B – National School Lunch Program

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value). Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

Note C – Matching Requirements

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.

Note D – Transfers

The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education’s (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2013, the ODE authorized the following transfer:

| <u>CFDA Number</u> | <u>Program Title</u> | <u>Program Year</u> | <u>Transfers Out</u> | <u>Transfers In</u> |
|------------------------|----------------------|-------------------------|----------------------|---------------------|
| 84.010 | Title I | 2012 | \$ 26,842 | |
| 84.010 | Title I | 2013 | | \$ 26,842 |

**Crestline Exempted Village School District
Crawford County, Ohio**

*Schedule of Findings and Questioned Costs
OMB Circular A-133, Section. 505
For the Fiscal Year Ended June 30, 2013*

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | |
|---|-------------------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |
| Noncompliance material to financial statements noted? | Yes |
| Federal Awards | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | Yes |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes |
| Identification of major programs: | Title I CFDA #84.010 |
| Dollar threshold used to distinguish between Type A and type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | Yes |

**Crestline Exempted Village School District
Crawford County, Ohio**

*Schedule of Findings and Questioned Costs
OMB Circular A-133, Section. 505
For the Fiscal Year Ended June 30, 2013*

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

**FINDING 2013-001
Material Noncompliance**

Criteria: Ohio Administrative Code Section 117-2-03 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles.

Condition Found: For fiscal year 2013, the School District prepared its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Effect: The accompanying basic financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Recommendations: The School District should implement procedures to prepare its annual financial report in accordance with generally accepted accounting principles.

Management's Response/Corrective Action: Contact Person: Bradd Stevens, Treasurer
No corrective action will be implemented. The School District plans to continue reporting on the cash basis of accounting.

**FINDING 2013-002
Material Weakness**

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 122 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This new standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 122 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition Found: During the audit, it was noted that the receipts and disbursements for contract management fees for the OSFC construction project were not recorded for the current year, which resulted in a significant current period adjustment. Audit procedures also noted this error had also occurred in prior periods.

Cause: The invoices for the project contract management fees were submitted directly to the OSFC who, subsequently, paid the invoices. Because these items never had an effect on the School District's cash account, the associated receipt and disbursement recordings were not completed.

Effect: The condition described above resulted in the understatement of financial activities for the current period and a significant current period audit adjustment. Ending net position was unaffected in the year.

Recommendations: The School District should implement procedures for recording fees paid on its behalf.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Schedule of Findings and Questioned Costs
OMB Circular A-133, Section. 505
For the Fiscal Year Ended June 30, 2013*

**FINDING 2013-002 (continued)
Material Weakness**

Management's Response/Corrective Action: Contact Person: Bradd Stevens, Treasurer
Management will vigilant of fees paid on its behalf. Where necessary, management will seek the guidance from a third party accountant.

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

**FINDING 2013-003
Significant Deficiency / Material Noncompliance**

CFDA Title and Number: Title I Cluster -84.010
Federal Award Number/Year: 2013
Federal Agency: U.S. Department of Education
Pass-Through Agency: Ohio Department of Education

Criteria:

OMB Circular A-133 Section .500 (c) states the auditor shall perform procedures to obtain an understanding of internal control over federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs.

OMB Circular A-87 Attachment B (8)(h)(3-5) states where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the following standards, unless a statistical sampling system or other system has been approved by the cognizant Federal agency. The Personnel activity reports or equivalent documentation must meet the following: (a) They must reflect an after the fact distribution of the actual activity of each employee, (b) They must account for the total activity for which the employee is compensated, (c) They must be prepared at least monthly and must coincide with one or more pay periods, and (d) They must be signed by the employee.

Condition Found:

We performed a test of controls and compliance over allowable costs/cost principles for payroll expenditures charged during fiscal year 2013. Semi-annual certifications weren't done and the School District was unable to provide us with time and effort documentation for any of the individuals selected for testing.

Cause:

The School District did not complete semi-annual certifications or time and effort logs for the Title I employees.

Effect:

Although we did not identify any unallowable costs, the lack of controls over the time and effort documentation subjects the School District to an increased risk of unallowable costs being charged to the federal programs.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Schedule of Findings and Questioned Costs
OMB Circular A-133, Section. 505
For the Fiscal Year Ended June 30, 2013*

**FINDING 2013-003 (continued)
Significant Deficiency / Material Noncompliance**

Recommendation:

We recommend the Treasurer review the individuals paid out of the federal funds to ensure the amounts are allowable. After this review, the Treasurer should ensure the proper time and effort documentation exists in accordance with the requirements above.

Management Response/Corrective Action: Contact Person: Bradd Stevens, Treasurer

The School District will take timely action to make sure of its compliance with the time and effort requirements for the individuals paid with federal monies. We will ensure time and effort is documented for those individuals who work on multiple activities and whose salaries are distributed among funds with a portion being charged to federal programs, and semi-annual certifications are completed for all employees working solely on a single federal award.

**Crestline Exempted Village School District
Crawford County, Ohio**

*Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2013*

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|-----------------------|--|-------------------------|--|
| 2012-01 | Financial Statements – Should be prepared in accordance with generally accepted accounting principles. | No | Not Corrected – The School District plans to continue reporting on the modified cash basis of accounting. |

December 26, 2013

To the Board of Education
Crestline Exempted Village School District
Crawford County, Ohio
401 Heiser Court
Crestline, Ohio 44827

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURE

Ohio Rev. Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Crestline Exempted Village School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on April 22, 2013 to include prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act.”

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Lima, Ohio

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Dave Yost • Auditor of State

CRESTLINE EXEMPTED VILLAGE SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2014**